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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 08/26/08

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ARTICLES:

- (1) Georgian ambassador to Japan says Georgia wants to discuss status of separatist regions with Russia

NIKKEI (Page 9) (Full)  
August 26, 2008

Georgian Ambassador to Japan Ivane Matchavariani yesterday gave a speech at the Japan National Press Club. Referring to the future status of South Ossetia and Abkhazia, the ambassador stated:

"We tried to talk with Russia about solutions, including their division. But they had no ear to listen to us. Although it may take more than 10 years, we want to take time to discuss it again."

- (2) METI to request 130 billion yen for new energy sources, 1.5 times more than in fiscal 2008 budget

MAINICHI (Page 1) (Full)  
August 26, 2008

The Ministry of Economy, Trade and Industry (METI) decided yesterday that it would allocate approximately 130 billion yen in its budget request for fiscal 2009 to fund measures related to new energy sources, such as promotion of solar-power generation. This figure is about 1.5 times more than in this fiscal year's budget. Given soaring oil prices and global warming, the government has to diversify the nation's energy sources as a priority task. The energy issue was also high on the agenda at the July Hokkaido Toyako Summit.

METI will incorporate in its budgetary request outlays for a subsidy system for households to introduce a solar-power system or a fuel-cell system. The ministry will also increase budgetary allocations for measures to promote such next-generation automobiles as electric vehicles and to prompt companies and local governments to introduce large-scale solar-power generation systems.

In addition, METI intends to allocate over 120 billion yen, about 30 billion yen more than in this fiscal year, as expenses related to energy conservation, such as subsidizing companies' capital investment in that regard. The ministry will also propose more than 100 billion yen, an increase of about 40 billion yen, to finance technical innovation, such as research and development on carbon capture and storage (CCS) to mitigate global warming by capturing carbon dioxide from thermal power plants and other sources and storing it in the ground.

(3) Shaky borders between Japan, China and South Korea: Takeshima  
(Part 1) -- Fukuda, Lee enduring public opinion

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MAINICHI (Page 5) (Abridged slightly)  
August 26, 2008

The Fukuda administration advocates Asia diplomacy that can resonate with the Japan-U.S. alliance. Cooperation with China and South Korea is the centerpiece in Asia. The first Japan-China-South Korea summit will take place in Kobe on Sept. 21. The trilateral summit regime is a midterm compilation of the Fukuda diplomacy's efforts to bring stability to Japan's relations with China and South Korea that became icy because of visits to Yasukuni Shrine by former Prime Minister Junichiro Koizumi. The improved relations can suffer a setback even with minor discord over territorial issues that can inflame nationalism.

South Korean President Lee Myung Bak delivered a speech on Aug. 15, on the 63rd anniversary of national liberation from Japan, in which he said: "We should make our country powerful so that Japan will not unjustly covet our territory."

Although it was only one month after Seoul's de facto recall of its ambassador to Japan in reaction to Tokyo's decision to specify the row over the Takeshima islets (Dokdo in Korean) in the new curriculum guidelines for middle school teachers, Lee stopped short of using a harsh expression. It was a clear shift from the provocative attitude of his predecessor, Roh Moo Hyun, who in the annual event years earlier, cited many outstanding bilateral issues, including the Dokdo issue, history textbooks, visits to Yasukuni Shrine, and the wartime comfort women issue.

Koizumi continued paying homage at Yasukuni Shrine in defiance of fierce protests from neighboring countries. As if to counter his visits, Roh played up the Takeshima and history issues in dealing with Japan. Both Koizumi and Roh used some bilateral issues for buoying up their administrations even through hard-edged arguments in their countries occasionally escalated into storms. In contrast, Lee and Fukuda are apparently trying to move away from such an approach.

The Takeshima issue was not taken up in the Fukuda-Lee meeting in April this year. Asked about historical issues, including the Takeshima issue, in a press conference after his meeting with Fukuda, Lee emphatically said: "I hoped no one would ask such a question. We should not let the past prevent us from going toward

the future."

But when Japan specified the Takeshima issue in the new manual for teachers in July, South Korea raised a strong objection, putting the bilateral relations at the risk of a setback. With his support ratings hovering around 20 PERCENT at the time due to the U.S. beef import issue, Lee could not afford to display his weakness to the public. To demonstrate his resolute stance, Lee sent Prime Minister Han Seung Soo to tour the Takeshima islets after recalling his Tokyo envoy.

Triggered by the teaching manual, Tokyo tried to give more consideration to South Korea. Before making the decision, the chief cabinet secretary, foreign minister, and education minister met and decided to drop the expression, "Japan's inherent territory." A former cabinet minister representing education-related interests indicated that the meeting was led by Fukuda behind the scenes, saying, "The prime minister repeatedly exchanged views with the

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education minister and others until the last moment."

Suffering from low support ratings like Lee, Fukuda was not able to give excessive consideration to South Korea in anticipation of a backlash from hardliners in the Democratic Party of Japan. Since the teaching manual brought South Korean public opinion to a boil, Fukuda has had no other option but to wait for it to calm down.

Lee's Aug. 15 speech that did not criticize Japan outright has been taken by Tokyo as his message to improve relations with Japan. A senior Foreign Ministry official emphasized a plan to deal with South Korea cautiously, saying: "In the upcoming Japan-China-South Korea summit, Japan will not broach the Takeshima issue. Arguments would ruin the cooling-off period."

ZUMWALT